

## **KENTUCKY HEALTH BENEFIT EXCHANGE ADVISORY BOARD**

### **QUALIFIED HEALTH PLANS SUBCOMMITTEE**

#### **Meeting Minutes**

**March 28, 2013**

#### **Call to Order and Roll Call**

The seventh meeting of the Qualified Health Plans Subcommittee was held on Thursday, March 28, 2013, at 11:30 a.m. in the Small Conference Room at the Office of the Kentucky Health Benefit Exchange. Carl Felix, acting on behalf of Deborah Moessner, Chair, called the meeting to order at 11:36 a.m., and the Secretary called the roll.

Subcommittee Members Present: Jeffrey Bringardner (by phone), Julia Costich, Carl Felix, Nancy Galvagni, Donna Ghobadi (by phone), Michael Huang (by phone), Dr. Amanda Howell (by phone), Bob McFalls, and Dr. Andrew Slavik. Greg Baker, Ruth Brinkley, Dr. Joe Ellis, Shelley Gast, Mike Minor, Deborah Moessner, Ramona Osborne, and Joe Smith were not present at the meeting.

Staff Present: Carrie Banahan, Lee Barnard, Reina Diaz-Dempsey, Miriam Fordham, Wanda Fowler, Jill Mitchell (DOI), Bill Nold, Brenda Parker, Vanessa Petrey, Melea Rivera, and Chandra Venetozzi.

#### **Approval of Minutes**

A motion was made to accept the minutes of the February 28, 2013, meeting as submitted, seconded, and approved by voice vote.

#### **Update on Exchange Approval Activities**

Bill Nold, Deputy Executive Director, Office of the Kentucky Health Benefit Exchange (KHBE), updated the subcommittee on Exchange activities. The KHBE had its Final Detailed Design Review (FDDR), March 25-March 26, 2013. Amanda Cowley, Director of Exchanges, Center for Consumer Information and Insurance Oversight (CCIIO) and Nicole Comeaux, Kentucky State Officer, CCIIO, were on-site at the KHBE office to conduct the design review while other staff from CCIIO and the Centers for Medicare and Medicaid Services (CMS) participated through video conferencing. CCIIO will send a letter to the KHBE in follow-up to the FDDR assessing the progress made in implementing Kentucky's Exchange. Mr. Nold stated that Kentucky is well positioned among other states implementing State-based Exchanges and is now listed by CMS as one of the "least risky" states along with Maryland, Massachusetts, Colorado, and Oregon.

Mr. Nold reported that the KHBE has ongoing stakeholder engagement. The Deloitte Consulting group is writing the code for the IT system, and the KHBE is working to ensure that there are as few changes as possible to be made later. Carrie Banahan, Executive Director, KHBE, reported that the Navigator Request for Proposal is scheduled to be issued in May 2013. Ms. Banahan also reported that the Qualified Health Plans (QHP) administrative regulation is being finalized, and the KHBE is working on the administrative regulations for the Small Business Health Options Program (SHOP) Exchange and eligibility and enrollment requirements for the Exchange. The Executive Order establishing the Exchange will expire sometime around June 26, 2013, and a new Executive Order will be filed to continue operation of the Exchange and the Advisory Board.

**Open/Closed Items: Qualified Health Plan Administrative Regulation Draft, Dental Plans, Service Areas, Rating Areas, Essential Health Benefits Limitations**

Mr. Nold provided a status update on several policy issues considered by the subcommittee. As previously discussed, there will be eight rating areas which will be the current Medicaid regions. This is consistent with rating areas currently used by the Department of Insurance (DOI). The subcommittee has had several discussions regarding service areas. The KHBE received a letter from the Kentucky Association of Health Plans in support of maintaining the service areas per the DOI categorization, which is on a county-by-county basis. This would maintain consistency with the DOI's policy. The Exchange will permit a minimum service area of a county provided that there is a QHP offered statewide. The Exchange has to approve the limited service area and the service areas have to be established on a nondiscriminatory basis.

Mr. Nold explained that dental benefits offered through a QHP on the Exchange can be limited to exclude pediatric dental benefits provided there is also a stand-alone dental plan offered on the Exchange. There is a requirement that QHPs offered outside the Exchange have to include all of the essential health benefits. In the final rule issued by the Department for Health and Human Services (HHS) there is a provision that, outside the Exchange, an individual may purchase a plan without a pediatric dental benefit, provided the insurance company has "reasonable assurance" that the individual has coverage through a stand-alone dental plan that meets the same standard as a stand-alone dental plan offered inside the Exchange. Mr. Nold clarified that inside the Exchange, a pediatric dental plan has to be offered while outside the Exchange the individual has to have the pediatric dental coverage. The DOI is working on developing the standards for determining how insurers would meet the reasonable assurance standard. The Dental and Vision Subcommittee has made a recommendation requiring that an individual purchasing a QHP inside the Exchange purchase pediatric dental coverage. The KHBE has made the decision that individuals with children under age 21 will be required to purchase pediatric dental coverage. Mr. Nold stated that this is in keeping with the spirit of the Affordable Care Act that dental coverage be made available to children. Mr. Nold further explained that, outside the Exchange, an individual has to have all EHBs, including pediatric dental coverage regardless of whether the individual has children or not.

The members discussed the differing provisions regarding dental benefits inside the Exchange versus dental benefits outside the Exchange. Mr. Nold clarified that plans offered inside the Exchange will only provide coverage for pediatric dental benefits while plans offered outside the Exchange at a minimum have to include pediatric dental benefits. Mr. Felix commented that the

dental benefit rules outside the Exchange require an individual to buy a product that the individual may not use. Mr. Felix further commented that this is inflating the cost of a product that may not need to be inflated, and the provisions are not equitable inside and outside the Exchange.

The KHBE has received responses to the draft QHP administrative regulation and is working on incorporating the responses into the final regulation as appropriate. In those instances in which the intent of the comment is not clear, the KHBE is contacting the commenters to obtain further clarification. The QHP administrative regulation will be filed on an emergency basis.

The KHBE has made the decision that no benefits in excess of the essential health benefits will be allowed. This was also a recommendation of the QHP Subcommittee. The EHB limits will also apply to dental plans. Thus, dental benefits offered on the Exchange cannot include adult dental benefits; plans can only include pediatric dental benefits.

### **Essential Community Providers**

Mr. Nold reported that the list of essential community providers (ECP) was released by the Health Resources and Services Administration (HRSA). The ECPs are listed on a county-by-county basis. The rule on network adequacy requires the inclusion of ECPs. Bob McFalls commented that pharmacies are not included as ECPs by HRSA and asked how pharmacies would be included in the networks on the Exchange. Ms. Banahan stated that, under Kentucky's Insurance Code, pharmacies are required to be included by the DOI in its determinations of network adequacy, and those standards will continue to be used in the Exchange for pharmacies. Mr. Felix asked what would happen if an issuer were not able to include ECPs in the issuer's network. Mr. Nold stated that the KHBE has examined how the issue is handled in the Federally-facilitated Exchanges (FFE). Melea Rivera, KHBE, explained that on the FFE there is a 20 percent standard and 10 percent standard for issuers to meet the ECP inclusion rule and provisions for an issuer that does not have any ECPs.

Julia Costich commented that issuers may contract with the Department for Public Health for some services provided by ECPs, for instance tuberculosis treatment and family planning. A representative from Anthem commented that Anthem has contracted with some local health departments for ECPs. Mr. Nold observed that contracting with health departments may be a mechanism for issuers to meet the ECP requirement. The DOI will be responsible for assessing network adequacy and the KHBE is working with the DOI to increase number of providers coded into system to conduct the ECP analysis. The DOI will continue to conduct the analyses and pass on the information to Exchange for the certification process

### **Single Streamlined Application**

Mr. Nold reported that the KHBE is working on a streamlined application. Initially, CMS was requiring states to use the application developed by CMS but has now loosened that restriction some on states. In developing Kentucky's application, the KHBE is working on making Kentucky's application as close to the federal application as possible. Ms. Banahan informed the subcommittee that the Exchange is seeking approval from CCHIO for Kentucky's single streamlined application and hopes to have the paper application ready by May 1, 2013. The

KHBE will also have an employee and employer application that will be available for issuers to use.

### **Wellness Credits**

Mr. Nold reported that HHS has not issued final regulations on wellness credits. Mr. Felix explained that there is an issue as to how wellness credits would be applied to different plans and managing the credits at the product level if an employer picks different products from different payers. Mr. Felix observed that this was an issue that may primarily involve the SHOP Subcommittee but that also affected other areas. Ms. Banahan noted that the SHOP Subcommittee could consider the issue of wellness credits. A motion was made to move the discussion of wellness credits in the Exchange to the SHOP Subcommittee, seconded, and approved by voice vote.

### **Other Business**

The next meeting of the subcommittee will be held on April 25, 2013, at 11:30 a.m. at the Office of the Kentucky Health Benefit Exchange.

### **Adjournment**

The meeting adjourned at 12:30 p.m.